

COPY

HONORABLE BRUCE HILYER

Counsel for Defendant shall  
promptly mail a copy of this order  
to all other counsel/parties.

IN THE SUPERIOR COURT OF THE STATE OF WASHINGTON  
IN AND FOR THE COUNTY OF KING

STATE OF WASHINGTON,  
DEPARTMENT OF FINANCIAL  
INSTITUTIONS,

Plaintiff,

v.

FEDERAL SAVINGS, LLC, FIRST  
BANCHARES, INC., JMA NORTHWEST  
INVESTMENTS, LLC, JEREMY M.  
STAMPER, EASTSIDE COMMERCIAL BANK  
NATIONAL ASSOCIATION dba EASTSIDE  
COMMERCIAL BANK, FIRST MUTUAL  
BANK, FRONTIER BANK, AND STERLING  
SAVINGS BANK,

Defendants.

No. 07-2-09402-4SEA

**AMENDED ORDER  
GRANTING STIPULATED  
PETITION FOR APPROVAL  
OF PROPOSED  
DISTRIBUTION PLAN,  
CONTINGENT UPON  
RECEIPT OF FUNDS FROM  
THE STATE OF NEVADA**

This matter came before the Court on the Stipulated Petition for Approval of Proposed Distribution Plan, Contingent Upon Receipt of Funds from the State of Nevada. The petitioners seek an Order that approves the investor claims review process and directs the third-party escrow agent, Scott Bell, to make a full restitution payment to each approved investor outside the State of Nevada within thirty (30) days of receipt of funds currently in the possession of the State of Nevada sufficient to bring the balance of the escrow account up to \$4,399,927.19.

RETURN  
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1 The petitioners have concluded that full restitution amounts to each investor's principal  
2 investment with Federal Savings, LLC.

3 The petitioners have concluded that 219 investors are owed \$4,621,924.19, an amount  
4 which represents full restitution, or each investor's principal investment with Federal Savings,  
5 LLC. The name, address, and amount to be paid as restitution to each of the 219 investors is set  
6 forth in the Schedule of Principal to Be Refunded, attached to Exhibit 2 of the Declaration of  
7 Frank D. Miller.  
8

9 The petitioners have informed the Court that State of Nevada currently holds the sum of  
10 \$1,656,062.11, from which it will retain \$221,997.00 to effect a return of funds to the seven  
11 residents of Nevada who invested with Federal Savings. Upon receipt of an Order from this  
12 Court, the State of Nevada will transfer the remaining \$1,434,065.11 to the escrow account and  
13 make restitution to the Nevada residents.  
14

15 The Court has considered the stipulated petition, and the records and pleadings filed in  
16 this action.  
17

18 Based on the pleadings, declarations and records on file, the Court orders as follows:

19 IT IS ORDERED that the Court agrees with and approves of the conclusions and findings  
20 set forth in the final report prepared by Frank D. Miller.

21 IT IS ORDERED that the Court approves of the parties' claims review process and  
22 agrees with the conclusions and findings set forth in the Stipulated Petition for Approval of  
23 Proposed Distribution Plan; specifically that the 219 investors identified in the Schedule of  
24 Principal to be Refunded attached to Exhibit 2 of the Declaration of Frank D. Miller are owed  
25 \$4,621,924.19. A copy of the Schedule of Principal to be Refunded is also attached to this  
26 Order.  
27  
28



1 IT IS FURTHER ORDERED that the full restitution owed each of the 219 approved  
2 investors is accurately set forth in the Federal Savings Schedule of Principal to be Refunded  
3 attached to Exhibit 2 of the Declaration of Frank D. Miller.

4 IT IS FURTHER ORDERED that the third-party escrow agent, Scott Bell, shall make  
5 full restitution payments to the 212 investors residing outside the State of Nevada, consistent  
6 with the Federal Savings Schedule of Principal to be Refunded attached as Exhibit 1 to this  
7 ORDER, by mailing a disbursement check to each of the 212 approved investors via certified  
8 U.S. Mail within thirty (30) days of the date of receipt of funds from the State of Nevada  
9 sufficient to bring the balance of the escrow account up to \$4,399,927.19.  
10

11 IT IS FURTHER ORDERED that each restitution payment made by the third-party  
12 escrow agent, Scott Bell, shall also include a cover letter from McKay Chadwell, PLLC  
13 informing the recipient that a check returning the funds invested with Federal Savings, LLC is  
14 enclosed. The escrow agent mailing and payment shall also allow for the inclusion within the  
15 mailing of a letter from the State of Washington Department of Financial Institutions (DFI).  
16

17 IT IS FURTHER ORDERED that the third-party escrow agent, Scott Bell, shall maintain  
18 an accounting of each investor restitution payment check mailed, the address to which it had  
19 been mailed, the amount of each check, and the date of mailing.  
20

21 IT IS FURTHER ORDERED that the third-party escrow agent, Scott Bell, shall notify  
22 counsel for DFI and Federal Savings, LLC if any restitution payment checks are returned to the  
23 third-party escrow agent, such notification shall occur within five (5) working days of receipt of  
24 the returned check.  
25

26 IT IS FURTHER ORDERED that the third-party escrow agent, Scott Bell, shall submit a  
27 final escrow report to DFI and counsel for Federal Savings, LLC for filing with the Court within  
28

1 thirty (30) days of the date the final restitution payment checks are mailed to the investors.

2 IT IS FURTHER ORDERED that, should any investor funds necessary to effect full  
3 restitution to the investors remain in the escrow account at least 120 days after the date of  
4 mailing, as a result of non-negotiation, those funds shall be transferred to the Department of  
5 Revenue as unclaimed property.  
6

7 IT IS FURTHER ORDERED that, should any funds deposited into the escrow account  
8 over and above the amount necessary to make full restitution to the 212 identified investors on  
9 behalf of Federal Savings, LLC remain in the account after all of the Court-directed checks  
10 distributing funds have been mailed, and in excess of the amount of funds necessary to negotiate  
11 those checks, those non-investor funds shall be transferred to counsel for Federal Savings, LLC.  
12

13 IT IS FURTHER ORDERED that, should the State of Nevada fail to deposit funds in the  
14 escrow account sufficient to bring the balance of that account up to \$4,399,927.19 within 60 days  
15 of the date of this Order, the third-party escrow agent, Scott Bell, shall so notify the Court. In  
16 such event, a receiver shall be appointed if DFI elects to note a hearing for such appointment.  
17

18 IT IS FURTHER ORDERED that Eastside Commercial Bank shall return to the makers  
19 of those checks all non-negotiated checks currently in its possession that were provided by  
20 Federal Savings, LLC in deposit transactions, but held without action by that financial  
21 institution. Eastside Commercial Bank shall return those checks to their respective makers  
22 within thirty (30) days of the date of this order.  
23

24 IT IS FURTHER ORDERED that the State of Nevada is hereby authorized by this court  
25 to transfer to the escrow account the sum of \$1,434,065.11 immediately, or as soon as  
26 practicable, upon receipt of this Order.  
27  
28

1 ENTERED this 30<sup>th</sup> day of August, 2007.


2 JUDGE BRUCE W. HILYER  
3 Honorable Bruce Hilyer

4 Presented by:

5 McKAY CHADWELL, PLLC

6  
7 Robert G. Chadwell, WSBA #22683  
8 Attorney for Federal Savings, LLC,  
9 First Bancshares, Inc., JMA Northwest  
Investments, LLC and Jeremy M. Stamper

10  
11 ROBERT M. McKENNA  
12 Attorney General

13   
14 Charles E. Clark, WSBA #28918  
Assistant Attorney General

15 Chad C. Standifer, WSBA #29724  
16 Attorneys for Washington State  
17 Department of Financial Institutions

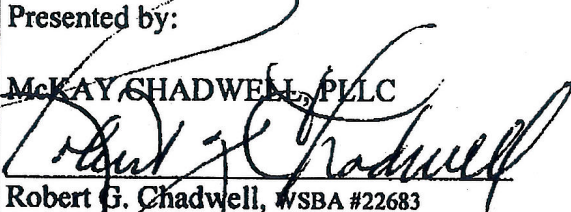


1 ENTERED this \_\_\_\_ day of August, 2007.

2  
3 Honorable Bruce Hilyer

4 Presented by:

5 ~~McKAY CHADWELL, PLLC~~

6   
7 Robert G. Chadwell, WSBA #22683  
8 Attorney for Federal Savings, LLC,  
9 First Baneshares, Inc., JMA Northwest  
10 Investments, LLC and Jeremy M. Stamper

11 ROBERT M. McKENNA  
12 Attorney General

13 Charles E. Clark, WSBA #28918  
14 Assistant Attorney General

15 Chad C. Standifer, WSBA #29724  
16 Attorneys for Washington State  
17 Department of Financial Institutions  
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